

BEFORE THE TENNESSEE REGULATORY AUTHORITY AT

NASHVILLE, TENNESSEE

January 3, 2001

IN RE:

EMERGENCY JOINT APPLICATION OF TELIGENT  
SERVICES, INC. AND TAC LICENSE CORP. FOR  
GRANT OF THE AUTHORITY NECESSARY TO  
CONSUMMATE A CHAPTER 11 "RE-EMERGENCE"  
PLAN

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DOCKET NO.  
01-00779

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ORDER APPROVING TRANSFER OF AUTHORITY

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This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on September 25, 2001 for consideration of the *Emergency Joint Application* (the "*Application*") filed by Teligent Services, Inc. ("Old TSP") and TAC License Corp. ("New TSP") (the "Applicants"). The *Application* was considered pursuant to the provisions of Tenn. Code Ann. § 65-4-113, which requires Authority approval of a transfer of authority to provide utility services.<sup>1</sup>

**Requirement of and Standards for Authority Approval**

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its

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<sup>1</sup> The *Application* states that the Applicants are requesting Authority approval pursuant to Tenn. Code Ann. § 65-4-112. However, because the transaction described in the *Application* involves a transfer of the authority to provide utility services held by Teligent Services, Inc., the appropriate statutory requirement for the Authority's approval of the *Application* is stated in Tenn. Code Ann. § 65-4-113, and the Authority deemed the *Application* to be a request for approval pursuant to that statute.

certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

### **The Application**

According to the *Application*, which was filed on September 7, 2001, Old TSI is a direct subsidiary of Teligent, Inc. ("Teligent"), which is creating New TSI as part of a Chapter 11 bankruptcy auction scheduled to be completed on October 2, 2001. Old TSI is a Delaware corporation with its principal business office located in Vienna, Virginia that currently provides facilities-based local, long distance, and broadband data services as well as resold long distance through its network of fixed wireless and leased wireline facilities in selected markets in the United States, including Tennessee. Old TSI's fixed wireless services are provided pursuant to licenses granted to its affiliate subsidiary companies by the Federal Communications Commission ("FCC"). Teligent was granted a certificate of public convenience and necessity ("CCN") by the Authority as a provider of intrastate local exchange and interexchange telecommunications services in Tennessee by Order dated October 20, 1998, in Docket No. 98-00210. This authority to provide utility services was transferred to its subsidiary, Old TSI, by Order dated January 25, 2000 in Docket No. 99-00462. New TSI is a Delaware corporation with its principal business office located in Herndon, Virginia.

The *Application* states that pursuant to the proposed transaction, new institutional investors, together with certain senior management of Teligent will fund Teligent Acquisition Corp. and New TSI to operate the core domestic telecommunications operations of Teligent. This transaction is subject to the completion of Teligent Acquisition Corp.'s financing, the conclusion of a Chapter 11 bankruptcy auction that was scheduled to occur on October 2, 2001, and approval by the Bankruptcy Court, the FCC, and a number of state regulatory commissions, including the Authority.

In their *Application*, Old TSI and New TSI request that the Authority approve the transfer of all telecommunications assets of Old TSI, including its Tennessee CCN, to New TSI. Following the transfer, New TSI will change its name to, and operate under, the name "Teligent Services, Inc.," and will continue to provide the same services, pursuant to the same rates, terms and conditions, as are currently provided by Old TSI to its customers.

In order to complete the transaction and obtain Bankruptcy Court approval, Teligent Acquisition Corp., the parent of New TSI, has entered into an asset purchase agreement with Teligent, the parent of Old TSI, and certain of its subsidiaries, pursuant to which Teligent Acquisition Corp. will acquire substantially all of Teligent's facilities-based telecommunications assets, the associated operations and existing customer base. New TSI will continue Teligent's current efforts to refocus the activities of the company on providing a comprehensive, yet financially viable, suite of facilities-based telecommunications services to small and medium-sized business customers emphasizing greater market penetration in Teligent's core markets and, in some areas, a redesigned focus on broadband service offerings, including wholesale service offerings to other carriers and large customers. In addition, Teligent Acquisition Corp. and New TSI will benefit from the extensive management and telecommunications expertise of the members of the most senior management team currently at Teligent.

### **Technical, Managerial and Financial Qualifications**

According to the *Application*, Teligent Acquisition Corp. is currently obtaining the financing necessary to release Teligent's assets and operations from the Bankruptcy Court's jurisdiction. While such financing arrangements are not yet completed, the Applicants currently expect that the transaction will result in a capital infusion in an amount sufficient to fund both Teligent Acquisition Corp.'s operations and the purchase price from large institutional investors and certain members of senior management. Moreover, since the transaction includes those members of Teligent's current senior management team who are already familiar with the financial and operating needs of the Teligent business operations, Teligent Acquisition Corp. will have a clear understanding of its financial and operational requirements and an ability to assure that its operations maximize the use of available capital. Because the proposed transaction is conditioned upon obtaining the required funding as well as Bankruptcy Court approval, the transaction cannot proceed unless sufficient capital is raised.

### **Public Interest Considerations**

According to the *Application*, the proposed transaction will increase competition in the Tennessee telecommunications market by reintroducing Teligent as a viable competitor in its selected markets using a more refined, focused, and viable business strategy. In addition, the transaction will minimize any disruption of service and be virtually transparent to Teligent customers.

The Application also states that Teligent's current financial situation leaves it unable to compete for new customers or, in some cases, even to retain current customers. Reorganizing and reintroducing Teligent will allow it to re-enter the market as a viable competitor, thus fostering competition.

### **Findings**

The Directors of the Authority considered this matter at the September 25, 2001 Authority Conference. Based upon careful consideration of the *Application*, the Authority finds and concludes as follows:

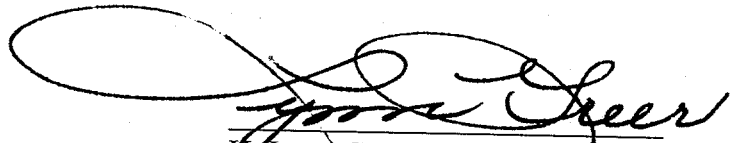
1. The Authority has jurisdiction over the subject matter of this *Application* pursuant to Tenn. Code Ann. § 65-4-113;
2. Teligent Services, Inc. has been granted authority to provide telecommunication services in Tennessee;
3. Ownership of the telecommunications assets of Teligent Services, Inc. will be transferred to TAC License Corp., a wholly owned subsidiary of Teligent Acquisition Corp., resulting in a transfer of the authority granted Teligent Services, Inc. to provide utility services; and
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

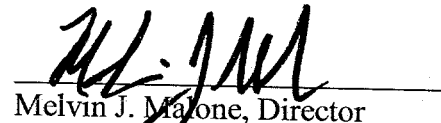
### **IT IS THEREFORE ORDERED THAT:**

1. The *Emergency Joint Application* of Teligent Services, Inc. and TAC License Corp. for approval of the transfer of authority described herein is approved; and
2. Any party aggrieved by the Authority's decision in this matter may file a Petition


for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.

  
Sara Kyle, Chairman

  
M. Lynn Greer, Jr., Director

  
Melvin J. Malone, Director

ATTEST:

  
K. David Waddell, Executive Secretary